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United States Department of State
and the Broadcasting Board of Governors



Special Inspector General
for Iraq Reconstruction

Survey of the Status of Funding for Iraq
Programs Allocated to the Department
of State's Bureau of International
Narcotics and Law Enforcement
Affairs as of December 31, 2005

Report Numbers AUD/IQO-06-30

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SUMMARY

This report presents the results of the joint survey by the Department of State (Department), Office of Inspector General (OIG), and the Special Inspector General for Iraq Reconstruction (SIGIR) of funding for Iraqi-related activities by the Department's Bureau of International Narcotics and Law Enforcement Affairs (INL). This survey was performed in support of the Office of Inspector General's continuing responsibility to assist management through independent reviews of Department operations. The primary objectives were to: (1) identify funding received and expended by INL that was earmarked for Iraq, and (2) evaluate INL accounting procedures for those funds. The survey scope covered funding received, obligated, and expended from October 1, 2002, through December 31, 2005.

According to the Department's Bureau of Resource Management (RM), as of December 31, 2005, the Department received over \$1.3 billion from two Iraq Relief and Reconstruction Fund (IRRF) emergency supplemental appropriations that provided program funding specifically supporting Iraqi-related activities.¹ Of that amount, INL received about \$957.5 million, or 74 percent of the total amount received by the Department for foreign assistance projects under IRRF. In addition, the Department of Defense (DOD) provided about \$532.2 million to assist programs managed by INL,² for a total of about \$1,489.7 million available to INL for Iraq.

As of December 31, 2005, INL had obligated about \$1,312.2 million, or about 88 percent of the funding received. As a result, INL had about \$177.5 million left to obligate for programs in Iraq, if the funds remain available, before their statutory expiration at the end of FY 2006. In addition, INL had expended about \$1 billion of its current obligations through December 31, 2005, and about \$300 million remained unliquidated for various program activities in Iraq. These latter funds can be spent or liquidated for up to five years after expiration of their period of availability for obligation.

¹ Pub. L. No. 108-11, Emergency Wartime Supplemental Appropriations Act, 2003; and Pub. L. No. 108-106, Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004.

² This included about \$300 million from Pub. L. No. 109-13, Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005.

INL was able to track Iraqi-related funds received and allotted to major programs and procurement actions. Overall, INL accounted for funds obligated and monitored expenses and liquidations. Although extracting information from INL's accounting system on funds for Iraq by program, contract, or other governmental or private recipient was cumbersome, the financial information forwarded to RM was generally accurate.

Nevertheless, some funding recipients, primarily the Department of Justice (DOJ) and its independent agencies, did not adequately provide financial information on the status of the expenditure of funds received from INL through memoranda of agreement. According to an INL official, this situation has continued despite INL's efforts to work with DOJ to correct these deficiencies. The survey team recommended that INL modify existing and future memoranda of agreement so that recipients' financial reports would better inform INL of the actual financial status of a program. In addition, the survey team recommended that INL better document accruals, or other temporary accounting adjustments, and at least quarterly, make electronic backups of its supplementary accounting records.

INL reviewed a draft of this report and agreed with the findings and recommendations. To comply with report recommendations, INL has initiated or proposed solutions that will strengthen financial accountability and internal controls. Of particular note is the enhanced liaison between INL and DOJ to foster better and more timely financial reporting by DOJ for activities in Iraq that are funded through INL.

BACKGROUND

On March 20, 2003, coalition forces began military operations in Iraq. Approximately one month after the United States and coalition forces took control of Baghdad, the Coalition Provisional Authority (CPA) began to provide for the temporary governance of a free Iraq until it assumed sovereignty. Since April 2003, Congress has appropriated about \$26.5 billion to support rebuilding efforts in Iraq. This represents the largest aid initiative since the Marshall Plan. Congress has passed three emergency supplemental appropriations that provided the majority of the Iraq assistance funds to the Department, either as direct appropriations or through transfers from DOD.

On May 11, 2004, President Bush issued a directive that upon the termination of the CPA, “. . . the Secretary of State shall be responsible for the continuous supervision and general direction of all assistance for Iraq . . .” Thus, with the transfer of power from CPA to the Iraqi interim government on June 28, 2004, authority over the U.S. efforts in Iraq transferred to the Department. On June 29, 2004, President Bush issued a memorandum directing that all unobligated funds appropriated for the operating expenses of the former CPA be transferred to the Secretary of State.

The Department’s responsibilities in the U.S. government’s overall global reconstruction policy for all countries were established by National Security Presidential Directive #44 on December 7, 2005. The directive stated that the United States has a significant stake in enhancing the capacity to assist in stabilizing and reconstructing countries or regions, especially those at risk of, in, or in transition from conflict or civil strife, and to help them establish a sustainable path toward peaceful societies, democracies, and market economies. The directive designated the Secretary of State to coordinate and lead integrated U.S. government efforts, involving all U.S. agencies with relevant capabilities, to prepare, plan for, and conduct stabilization and reconstruction activities.

INL is a major participant in U.S. government programs to support the relief and reconstruction of the justice sector throughout Iraq. Most programs in this effort are carried out by U.S. agencies, government contractors, and nongovernmental organizations or international bodies receiving grants. According to the INL FY 2006 Bureau Performance Plan, INL’s postconflict program for Iraq focuses on

reestablishing, reforming, and modernizing the criminal justice sector - police, judicial system, and prisons - as well as strengthening good governance in general, including anticorruption. During FY 2006, INL anticipates completing delivery of training programs of various lengths in basic police skills, field training, transition-integration, and specialized and correctional skills for 75,600 police and 2,000 corrections personnel.

Further, INL projects establishing a program to supplement police equipment and other support provided by coalition military forces in prior years. The police training program and facilities in Jordan will scale back operations and reduce the number of trainers in Iraq as the number of trainees declines and Iraqi trainers increases. A new initiative for FY 2006 includes funding for the startup of a counternarcotics unit. INL strategies for achieving the long-term goals for police training and judicial programs are as follows.

- Work with the Iraqi government to stand up police, judicial, and prison systems by providing trainers and advisers along with possible technical and equipment support.
- Provide security and field support to U.S. government-supported trainers and advisers so they can continue to operate when the environment is less than stable.
- Implement an anticorruption action plan at both national and subnational levels of government, strengthening key institutions, and developing effective preventive measures and internal controls. Engage with civil society groups to develop and encourage anticorruption support within the Iraqi political culture.
- Enlist the support of other international donors to share financial and political burdens of reconstruction.
- Adjust the assistance package based on results of initial and follow-on assessments by U.S. government and other international groups, such as the World Bank and the United Nations.

OBJECTIVES, SCOPE, AND METHODOLOGY

OIG and SIGIR prepared this report pursuant to a memorandum of agreement dated December 18, 2005, to conduct a survey of INL funding for Iraq. This report is the first product of that agreement. The purpose of this report was to aid OIG and SIGIR in planning future survey work. The objectives were to identify and compile earmarked funding received by INL for Iraq and to review INL accounting procedures for the receipt, transfer, and reporting of funds. The scope covered \$1,489.7 million INL received from three emergency supplemental appropriations specifically for Iraqi-related activities. The joint OIG and SIGIR team obtained and analyzed budget, allotment, and interagency transfer information for FY 2003 through December 31, 2005, to identify and compile funds earmarked for Iraq. The team reviewed apportionments, allotments, and funds transfers and identified the financial authorities, including the expiration of funds.

The team also examined selected financial data entered in INL supplementary accounting records and the obligations and expenditures recorded into the Department's Central Financial Management System (CFMS), the official accounting records. In addition, the survey team reviewed INL's annual Bureau Performance Plans for FYs 2006 and 2007 that covered program activities for Iraq. The team reviewed financial information provided by RM, pursuant to Section 2207 of Pub. L. No. 108-106, which requires the submission of a report to Congress every three months that updates the estimates and assumptions for IRRF funds.

In reviewing INL allotments, the team met with RM and INL representatives to gather information on how the Department and INL are recording and tracking emergency supplemental appropriations for INL activities in Iraq. The Department and INL may have also received, under other authorities or programs, other funds that could be used to support Iraqi-related activities; however, this survey report did not attempt to quantify the amount of such funds other than through the three supplemental appropriations. This survey used information from prior OIG reports. (See Appendix A.)

OIG and SIGIR staff conducted this survey in accordance with Government Auditing Standards. The team obtained and compiled the financial data, which are presented in Tables 1-5, from INL supplementary accounting records. These

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records are the responsibility of INL, and the team did not audit, review, or otherwise verify or evaluate the data. Therefore, this report cannot and does not make any representations as to their validity, reliability, or completeness.

OIG and SIGIR performed fieldwork between November 2005 and January 2006 in Washington, DC. The team held an exit conference with INL on January 26, 2006. On April 21, 2006, INL and RM were given a copy of the draft report for comment. On June 9, 2006, INL provided written comments on the draft report that have been incorporated into the final report where appropriate. INL's comments are included in their entirety as Appendix B.

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SURVEY RESULTS

As of December 31, 2005, over \$1.3 billion in supplemental appropriations funding has supported a variety of Department projects and initiatives in Iraq, including improving the security capabilities of the Iraqi police force and other judicial initiatives, promoting democratization efforts, peacekeeping operations, demining removal and training, and security operations. INL received about \$1,489.7 million for its programs in Iraq, about \$957.5 million directly through IRRF and \$532.2 million from DOD. Currently, INL can track Iraqi-related funds received and allotted to major programs and procurements.

AMOUNT AND SOURCE OF FUNDS

RM allotted about \$1,489.7 million to INL for FY 2003 through December 31, 2005, as shown in Table 1. The funds came from three supplemental appropriations to the Department for its programs in Iraq. Of these funds, INL was directly apportioned a total of about \$957.5 million. In addition, DOD provided about \$532.2 million to assist programs managed by INL. Table 1 shows RM allotments to INL by source of funding from FY 2003 through December 31, 2005.

Table 1: Total Funds Provided to INL for Iraq FY 2003 - Qtr. 1 FY 2006
(Dollars in Millions)

| Funding Source | FY 2003 | FY 2004 | FY 2005 | Qtr. 1 FY 2006 | Total |
|---|---------------|----------------|----------------|----------------|------------------|
| Pub. L. No. 108-11 IRRF transfers to INCLE | \$10.6 | \$14.0 | | | \$24.6 |
| Pub. L. No. 108-11 IRRF direct apportionment | | 61.5 | | | 61.5 |
| Pub. L. No. 108-106 IRRF direct apportionment | | 838.4 | \$33.0 | | 871.4 |
| Subtotal Department funds | | | | | 957.5 |
| Pub. L. No. 108-106 IRRF from DOD | | | 222.2 | | 222.2 |
| Pub. L. No. 109-13 ISSF from DOD | | | 150.0 | \$160.0 | 310.0 |
| Subtotal Funds from DOD | | | | | \$532.2 |
| Total | \$10.6 | \$913.9 | \$405.2 | \$160.0 | \$1,489.7 |

Legend

INCLE = International Narcotics Control and Law Enforcement

IRRF = Iraq Relief and Reconstruction Fund

ISSF = Iraq Security Forces Fund

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Note 1: Both Pub. L. Nos. 108-11 and 108-106 provide IRRF funds and share the same Treasury account symbol (1096). The difference is funds from Pub. L. No. 108-11 were available for FYs 2003 and 2004 and Pub. L. No. 108-106 for FYs 2004-06.

Note 2: Totals may not add because of rounding; however, the Total column agrees with the actual numbers.

Source: RM apportionment and allotment records.

INL PROGRAMS AND OBLIGATIONS

INL obligated a total of \$1,312.2 million of the \$1,489.7 million (88 percent) during FY 2003 through December 31, 2005, for programs in Iraq. (See Table 2.) The Civilian Police programs received about \$1,176.8 million or about 90 percent of INL total program obligations. (See Table 3.)

Table 2: INL Iraq Program Obligations by Program Sector FY 2003 - Qtr. 1 FY 2006
(Dollars in Millions)

| Sector Programs | FY 2003 | FY 2004 | FY 2005 | Qtr. 1 FY 2006 | Total Obligations |
|-------------------------------------|---------------|----------------|----------------|-------------------|-------------------|
| Civilian Police | \$24.6 | \$559.9 | \$566.2 | \$26.2 | \$1,176.8 |
| Corrections | | 26.7 | 6.0 | | 32.7 |
| Rule of Law | | | 15.8 | 9.2 | 25.0 |
| Judicial Security and Facilities | | 4.0 | 1.0 | | 5.0 |
| Anti-corruption/Rule of Law | | 11.6 | 1.7 | | 13.3 |
| Witness Protection | | 25.0 | 10.0 | | 35.0 |
| Crimes Against Humanity | | 14.4 | 10.0 | | 24.4 |
| Total | \$24.6 | \$641.6 | \$610.7 | \$35.3 | \$1,312.2 |

Note: Totals may not add because of rounding; however, the Total Obligations column agrees with the actual numbers.

Source: INL supplementary records that accounted for obligations and expenditures for Iraq.

Table 3: Civilian Police Obligations FY 2003 - Qtr. 1 FY 2006
(Dollars in Millions)

| Civilian Police Programs | FY 2003 | FY 2004 | FY 2005 | First Qtr. FY 2006 | Program Summary Obligations |
|---|---------------|----------------|----------------|-----------------------|--------------------------------|
| Police training in Jordana | | \$54.2 | \$81.0 | \$3.6 | \$138.8 |
| DynCorp contracts ^b | \$19.6 | 363.5 | 455.4 | | 838.6 |
| Justice agreements ICITAP ^c | 2.9 | 124.9 | | 12.0 | 139.8 |
| Other Justice agreements | 2.0 | 11.2 | 6.9 | 9.7 | 29.8 |
| Other contracts and agreements | 0.1 | 1.8 | 17.7 | 0.4 | 19.9 |
| INL Administration | 0.1 | 4.3 | 5.2 | 0.4 | 9.9 |
| Total | \$24.6 | \$559.9 | \$566.2 | \$26.2 | \$1,176.8 |

Note: Totals may not add because of rounding; however, the Program Summary - Obligations column agrees with the actual numbers.

a Payments incurred under letters of agreement with the government of Jordan for construction and maintenance of an Iraqi police training facility in Jordan and other local costs incurred in Jordan.

b DynCorp International, LLC, contracts also supported the corrections and judicial security and facilities programs as well as civilian police.

c International Criminal Investigative Training Assistance Program.

Source: INL supplementary records that accounted for obligations and expenditures for Iraq.

ACCOUNTING FOR AND MONITORING OF FUNDS FOR IRAQ

INL keeps supplementary accounting records in Excel spreadsheets to enable it to track accounting activity in its programs. One weakness with the Excel system is the spreadsheets are continuously updated for expenditures and cannot produce “as of” reports for previous periods. In the course of compiling financial information on INL funding for Iraq, the survey team found the following.

- INL’s supplementary accounting records did not support total expenditures for the Witness Protection Program reported in the Section 2207 report to Congress for the FY quarter ending September 30, 2005. In its September 30, 2005, report to RM on obligations and expenditures of IRRF for the Witness Protection Program, INL reported reimbursing \$10 million to DOJ when these funds had, in fact, not yet been disbursed. According to an INL official, the \$10 million was considered an accrual of program costs based on informal information provided by DOJ. DOJ, however, had not reported actual expenditures to INL, and INL had not posted the accrual in its supplementary accounting records or otherwise recorded an explanation for the accrual. An INL official agreed that INL needed to do a better job documenting the information reported from its accounting records to RM. INL’s response to the draft report commented that the \$10 million had in fact been liquidated but had not been properly recorded by DOJ. Subsequently, the \$10 million was corrected by DOJ and reported to INL, who properly recorded the \$10 million in the Department’s financial management system.
- During the Section 2207 reporting period of October to December 2005, INL obligated \$9.2 million of IRRF funds that had been allocated to the Rule of Law Program to cover Civilian Police Program costs. According to an INL official, a funding shortfall occurred owing to delays in the receipt of transferred reimbursable authority from DOD for Civilian Police programs. Therefore, Rule of Law Program funds were used to avoid “stop work” situations for the food and maintenance services at the Jordan International Police Training Center. By providing interim funding, INL believes it avoided a potential riot scenario, which had already occurred at this facility during the

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past year. The \$9.2 million in funds will be corrected in the INL supplementary accounting records for Iraq funding. INL's response to the draft report commented that the \$9.2 million has been properly corrected in INL accounting records and recorded in the Department's financial management system. Further, INL has coordinated more closely with DOD to ensure that reimbursable transfers are more expeditiously processed. Therefore, interim funding measures have not been necessary nor are they anticipated to be needed again.

The team also identified that INL's supplementary accounting records did not readily identify the status of all prior-year obligations. As indicated in Table 4, \$177.5 million remained unobligated as of December 31, 2005, and will be available for obligation until the end of FY 2006.

Table 4: Funds Obligated and Remaining Unobligated Balances as of December 31, 2005
(Dollars in Millions)

| Funding Source | Fiscal Year Availability | Total Funds Provided | Total Funds Obligated | Funds Available |
|---|---------------------------------|-----------------------------|------------------------------|------------------------|
| Pub. L. No. 108-11 IRRF transfers to INCLE | 2003-04 | \$24.6 | \$24.6 | 0 |
| Pub. L. No. 108-11 IRRF direct apportionment | 2003-04 | 61.5 | 61.5 | 0 |
| Pub. L. No. 108-106 IRRF direct apportionment | 2004-06 | 871.4 | 848.1 | \$23.2 |
| Pub. L. No. 108-106 IRRF from DOD | 2004-06 | 222.2 | 217.0 | 5.2 |
| Pub. L. No. 109-13 ISSF from DOD | 2005-06 | 310.0 | 160.9 | 149.1 |
| Total | | \$1,489.7 | \$1,312.2 | \$177.5 |

Legend

INCLE = International Narcotics Control and Law Enforcement

IRRF = Iraq Relief and Reconstruction Fund

ISSF = Iraq Security Forces Fund

Note 1: Both Pub. L. Nos. 108-11 and 108-106 provide IRRF and share the same Treasury account symbol (1096). The difference is IRRF funds from Pub. L. No. 108-11 were available for FYs 2003 and 2004 and Pub. L. No. 108-106 for FYs 2004-06.

Note 2: Totals may not add because of rounding; however, the Funds Available column agrees with the actual numbers.

Source: RM apportionment and allotment records and INL supplementary records that accounted for obligations and expenditures for Iraq.

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**Table 5: Funds Obligated and Remaining Unliquidated Balances by Program
Sector, FY 2003 - Qtr. 1 FY 2006**

| Sector Program | Total Obligations | Total Expenditures | Total Unliquidated Obligations |
|----------------------------------|--------------------------|---------------------------|---------------------------------------|
| Civilian Police | \$1,176.8 | \$968.3 | \$208.5 |
| Corrections | 32.7 | 18.8 | 13.9 |
| Rule of Law | 25.0 | 5.9 | 19.2 |
| Judicial Security and Facilities | 5.0 | 0.8 | 4.2 |
| Anticorruption/Rule of Law | 13.3 | 12.0 | 1.3 |
| Witness Protection | 35.0 | 0.3 | 34.7 |
| Crimes Against Humanity | 24.4 | 24.4 | 0 |
| Total | \$1,312.2 | \$1,030.4 | \$281.8 |

Note: Totals may not add because of rounding; however, the Total Unliquidated Obligations column agrees with the actual numbers.

Source: INL supplementary records that accounted for obligations and expenditures for Iraq for FY 2003 through Qtr. 1 FY 2006.

Table 5 shows that fund recipients had not spent about \$281.8 million of the \$1,312.2 million in program obligations (21 percent) as of December 31, 2005. The team reviewed INL memoranda of agreement with DOJ that required quarterly financial reporting. As indicated below, the team found unliquidated obligations in INL's supplementary accounting records that were not accurate because, according to an INL official, recipients of INL funding did not report to INL on program expenditures in a timely and accurate manner. As a result, INL's accounting records do not allow INL officials to monitor the status of program funds that may have expired or required more immediate action by INL for reprogramming.

- In FY 2004, INL obligated \$29.8 million to the International Criminal Investigative Training Assistance Program for Civilian Police programs, and according to INL records, \$8.4 million remained unliquidated as of December 31, 2005. These were two-year funds that are available for expenditure until the end of FY 2009.
- Beginning in FY 2004, INL obligated \$35 million to DOJ for the Witness Protection Program. As of December 31, 2005, only \$282,000 of the \$35 million had been reimbursed to DOJ, although as previously discussed, INL accrued an additional \$10 million of the \$35 million in estimated program expenditures. These are three-year funds for the purposes of obligation and are to expire at the end of FY 2006; however, the funds are available for expenditure through the end of FY 2011. The INL agreement with DOJ requires that DOJ notify INL by June 1, 2006, of all unobligated funds so that INL can begin reprogramming the funds.

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- In FY 2004, INL obligated \$2,670,645 for Corrections programs in Iraq and \$1,166,071 for Justice programs. As of December 31, 2005, INL had not recorded any expenditures for these obligations. According to an INL official, the contractor inaccurately charged some expenditures for these programs against the Civilian Police Program rather than the Justice and Correction programs. These corrections, totaling about \$3.8 million should be completed and recorded in the supplementary accounting records by March 30, 2006.

At the conclusion of the survey, a senior INL official agreed that greater compliance was needed by recipients concerning reporting the status of funds and the recipients' plans for obligating and expending those funds.

In response to a discussion draft of this report, in April 2006, a senior INL budget officer stated he had been working with DOJ officials to incorporate accrual reporting into their required quarterly reports. The INL official also reported that RM counterparts were fully informed with respect to the above cases and that the Department's official and INL supplementary accounting records and Section 2207 reports had all been corrected. OIG and SIGIR agree that these are appropriate corrective measures, but suggest that INL adopt more formal policies and procedures to ensure that INL's summary accounting records better document such activities in the future. In this manner, other Department recipients of Iraq funding may wish to follow suit.

Overall, OIG concluded that INL can track Iraqi-related funds received and allotted to major programs and procurements. However, OIG found that INL's supplementary accounting records in Excel spreadsheets were continuously updated for expenditures and could not produce "as of" reports for previous periods. That inability to produce prior-period reports is a serious accounting weakness, as INL would find it difficult to respond to requests for financial information or to recover from a computing mishap if all it had for a historical record was paper copies of reports supporting its section 2207 reports to RM.

Recommendation 1: OIG and SIGIR recommend that the Bureau of International Narcotics and Law Enforcement Affairs establish policies and procedures to document management decisions regarding accounting or reporting of Iraq funding, including coordination with other Department entities, such as the Bureau of Resource Management.

In response to the draft report, INL agreed with this recommendation, saying that it has used an existing process to document management decisions regarding accounting and reporting of Iraq funding, in conjunction with the Department's Budget Office. All formal requests and communications are provided in writing for apportionment requests, allotments, and reporting requirements, consistent with the Department Budget Office formats. In addition, INL's new Local Financial Management System, currently in the process of being implemented in all INL overseas narcotics affairs sections, including the Iraq Narcotics Affairs Section-Baghdad in the near future, will document all decisions and reports.

On the basis of INL's response, the recommendation is resolved. This recommendation can be closed when INL provides a copy of the policies and procedures that INL is now using as part of the process to document management decisions regarding accounting or reporting of Iraq funding. In addition, OIG and SIGIR asked INL to provide information, when finalized, on INL's new Local Financial Management System.

Recommendation 2: OIG and SIGIR recommend that the Bureau of International Narcotics and Law Enforcement Affairs modify existing and future memoranda of agreement with non-Departmental funding recipients to provide quarterly reports that contain sufficient information so, if necessary, INL can add accruals to its supplementary accounting records so that reports prepared by INL can more accurately reflect the actual financial status of a program sector.

In response to the draft report, INL agreed with this recommendation and said that it is already in partial compliance. Specifically, the largest DOJ program ICITAP is providing reports that more accurately reflect the financial status of all active memoranda of agreement and comply with the requirement that DOJ notify INL by June 1, 2006 of all unobligated funds so that INL can begin reprogramming the funds.

On the basis of INL's response, the recommendation is resolved. It can be closed when INL provides an update on actions taken with other non-Departmental funding recipients to provide quarterly reports that contain sufficient information so INL can add accruals to its supplementary accounting records and prepare more accurate reports. In addition, OIG affirms the benefit of modifying memoranda of agreement with non-Department funding recipients to make certain the Department receives accurate financial information. OIG requests that INL provide documentation concerning actions taken with IRRF funding recipients to correct INL and Department accounting records.

Recommendation 3: OIG and SIGIR recommend that the Bureau of International Narcotics and Law Enforcement Affairs, at a minimum, electronically save a copy of its supplementary accounting records for funds for Iraq at the close of each Section 2207 reporting period.

In response to the draft report, INL agreed with this recommendation and said that all supplementary accounting records for Iraqi program funds are already in electronic files and are consistent with 2207 quarterly reporting periods. On the basis of INL's response and the documentation provided, the recommendation is closed. OIG requests examples of INL monthly records to support a future section 2207 report.

APPENDIX A (Iraq-Related Reports)

Selective Listing of Department of State Iraq-Related Reports, 2004-05

Inspection of Rule-of-Law Programs, Embassy Baghdad (ISP-IQO-06-01, Oct. 2005)

Review of Security Programs at U.S. Embassy Baghdad (ISP-IQO-05-60, July 2005)

Interagency Assessment of Iraq Police Training (ISP-IQO-05-72, July 15, 2005; joint State/DOD report)

Bureau of International Narcotics and Law Enforcement Affairs (ISP-I-05-14, July 2005)

Review of Staffing Process for Embassy Baghdad's New Embassy Compound (ISP-IQO-05-61, July 2005)

Survey of Department of State Funding for Iraq (AUD/CG-05-18, Feb. 2005)

Review of Agreed-Upon Procedures for the Verification of Excessive Fuel Charges in Support of the Jordan International Police Training Center (AUD/IQO-05-16, Mar. 2005)

Review of Staffing at U.S. Embassy Baghdad (ISP/IQO-05-57, Mar. 2005)

Review of the Department of State Procurement Competitions To Support the Iraqi Police Training Program (AUD/IQO-04-47, Sept. 2004)

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APPENDIX B (INL Comments)



United States Department of State

Washington, D.C. 20520

www.state.gov

JUN 9 2006

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TO: OIG – Howard J. Krongard
SIGIR – Stuart W. Bowen, Jr.

FROM: INL – Anne W. Patterson *AWP*

SUBJECT: INL Comments on the Draft Report on *Survey of the Status of Funding for Iraq Programs Allocated to the Department of State's Bureau of International Narcotics and Law Enforcement Affairs as of December 31, 2005* (AUD/IQO-06-XX and SIGIR-2005-18)

The purpose of this memorandum is to comment on the referenced draft report and address the recommendations of the draft report.

The report provides accurate information concerning the state of INL's financial management. The report properly details the bureau's ability to obtain, obligate, and liquidate billions of dollars, with accurate accounting reporting and documentation. INL also concurs that some budgeting and accounting methods are cumbersome and in need of improvement. However, it is important to note that at the time of this survey, INL was already taking actions to address and improve the financial management and operations. Since the start of this survey and as of today, many of the corrective actions and measures are ongoing or completed.

- The accounting issue concerning the Witness Protection program documented on page 6 – item #1 has since been corrected. The \$10 million had in fact been liquidated but had not been properly recorded by DoJ, and has since been reported to DoS-INL and corrected by DoJ, and properly recorded in the DoS financial management system.
- The obligation issue noted in page 6 – item #2 has since been properly corrected and recorded in the DoS financial management system. DoS-INL has coordinated more closely with DoD to ensure that reimbursable transfers are more expeditiously processed. Therefore, interim funding measures have not been necessary has been over the last six months, and are not anticipated to be needed again.

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2

INL concurs with Recommendation #1. INL has utilized an existing process to document management decisions regarding accounting and reporting of Iraq funding, and in conjunction with the Department Budget Office. All formal requests and communications are provided in writing for apportionment requests, allotments, and reporting requirements, consistent with the Department Budget Office formats. In addition, INL's new Local Financial Management System, currently in the process of being implemented in all INL overseas NAS posts, including the Iraq Narcotics Affairs Section- Baghdad in the near future, will document all decisions and reports.

INL concurs with Recommendation #2. INL is already in partial compliance with this recommendation. With the two largest Iraqi program stakeholders, ICITAP and OPDAT, INL is in full compliance with quarterly reporting requirements, and as of May 15, 2006 have included "delivered" or accrual data which more accurately reflects the financial status of all active memoranda of agreements. Examples of the reports are provided as Attachment #1. Attachment #2 is a letter from the DoJ Criminal Division Financial Director, which provides evidence that INL financial improvement efforts are proceeding rapidly and effectively.

INL concurs with and has been in compliance with Recommendation #3, as all supplementary accounting records for Iraqi program funds are already in electronic files and are consistent with 2207 quarterly reporting periods. Attachment #3 provides recent examples of INL compliance.

Attachments:

As stated.

Cc: INL/FO – Thomas Schweich
INL/RM – Robert Byrnes
INL/RM – James Kohler
INL/RM/BUD – Barry Friedman
INL/CIV – Steven Peterson
NAS-Baghdad – Robert Gifford
RM/BP – James E. Tyckoski

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ICITAP - Iraq Anti-Corruption Projects
MONTHLY FINANCIAL REPORT
INL Accounting Data: 1911 4/6 10961 2072 449082 019700 2792 2581

For the period 4/01/06 - 4/30/06

| APPROVED BUDGET | | OBLIGATIONS | | DELIVERED SERVICES | | EXPENDITURES | | UNLIQUIDATED OBLIGATIONS | |
|-------------------------|-------------|-------------|------------|--------------------|----------|--------------|--------|--------------------------|--|
| | | Cumulative | Period | Cumulative | Period | Cumulative | Period | Cumulative | |
| CARRYOVER - PRIOR YEARS | \$1,870,978 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | 15 | 0 | 15 | 0 | 15 | 0 | 0 | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | 1,643,954 | (28,500) | 1,518,707 | (28,620) | 1,240,891 | 26,913 | 403,063 | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | 154,484 | 0 | 143,039 | 0 | 95,152 | 0 | 59,333 | |
| TOTAL | \$1,798,453 | \$1,661,760 | (\$28,500) | (\$28,620) | \$26,913 | \$462,396 | | | |

BALANCE Available for Obligations

PIPELINE 209,218

(Approved Budget less Cumulative Delivered)

ICITAP - Iraq Police Integrity - Special Investigations
MONTHLY FINANCIAL REPORT
INL Accounting Data: 1911 4/6 10961 2072 449083 019700 2792 2581

For the period 4/01/06 - 4/30/06

| | |
|--------------------------------|------------------|
| APPROVED BUDGET | \$965,483 |
| CARRYOVER - PRIOR YEARS | <u>0</u> |
| AVAILABLE FUNDING | \$965,483 |

| | OBLIGATIONS | | DELIVERED SERVICES | | PAYMENTS | | UNLIQUIDATED OBLIGATIONS |
|------------------------|------------------|-------------------|--------------------|-------------------|------------------|-------------------|-----------------------------|
| | Cumulative | Period | Cumulative | Period | Cumulative | Period | |
| 1. SALARIES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | Cumulative |
| 2. BENEFITS | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 3. TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. TRANSPORTATION | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. RENT/COMMUNICATIONS | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. PRINTING | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. CONTRACT SERVICES | 668,426 | (29,000) | 567,945 | (29,000) | 534,883 | (29,000) | 133,543 |
| 8. SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. OVERHEAD | 79,719 | 0 | 73,812 | 0 | 49,101 | 0 | 30,618 |
| TOTAL | \$748,145 | (\$29,000) | \$641,758 | (\$29,000) | \$583,985 | (\$29,000) | \$164,160 |

BALANCE Available for Obligations 217,338

PIPELINE 323,725
(Approved Budget less Cumulative Delivered)

ICITAP - Iraq Security Forces
MONTHLY FINANCIAL REPORT
INL Accounting Data: 19115/61022-2072-549D201-19700-2792-2581

For the period 4/01/06 - 4/30/06

| | | | | | | | | |
|-------------------------|--|--------------|--------|--------------------|--------|-------------|-----------|--------------------------|
| APPROVED BUDGET | | \$16,605,025 | | | | | | |
| CARRYOVER - PRIOR YEARS | | <u>0</u> | | | | | | |
| AVAILABLE FUNDING | | \$16,605,025 | | | | | | |
| | | OBLIGATIONS | | DELIVERED SERVICES | | PAYMENTS | | UNLIQUIDATED OBLIGATIONS |
| | | Cumulative | Period | Cumulative | Period | Cumulative | Period | Cumulative |
| 1. SALARIES | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2. BENEFITS | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. TRAVEL | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. TRANSPORTATION | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. RENT/COMMUNICATIONS | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. PRINTING | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. CONTRACT SERVICES | | 12,537,971 | 0 | 9,193,256 | 0 | 7,796,739 | 733,799 | 4,741,232 |
| 8. SUPPLIES | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. EQUIPMENT | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. OVERHEAD | | 1,371,057 | 0 | 642,236 | 0 | 0 | 0 | 1,371,057 |
| TOTAL | | \$13,909,028 | \$0 | \$9,835,492 | \$0 | \$7,796,739 | \$733,799 | \$6,112,289 |

BALANCE Available for Obligations 2,695,997

PIPELINE 6,769,533

(Approved Budget less Cumulative Delivered)

For the period 4/01/06 - 4/30/06

| | OBLIGATIONS | | DELIVERED SERVICES | | PAYMENTS | | UNLIQUIDATED OBLIGATIONS |
|------------------------|--------------------|------------|--------------------|-----------------|-----------------|-----------------|--------------------------|
| | Cumulative | Period | Cumulative | Period | Cumulative | Period | |
| 1. SALARIES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| 2. BENEFITS | 0 | 0 | 0 | 0 | 0 | 0 | |
| 3. TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 | |
| 4. TRANSPORTATION | 0 | 0 | 0 | 0 | 0 | 0 | |
| 5. RENT/COMMUNICATIONS | 0 | 0 | 0 | 0 | 0 | 0 | |
| 6. PRINTING | 0 | 0 | 0 | 0 | 0 | 0 | |
| 7. CONTRACT SERVICES | 2,878,963 | 0 | 215,699 | 24,246 | 90,683 | 90,683 | 2,788,280 |
| 8. SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. OVERHEAD | 314,699 | 0 | 176,651 | 0 | 0 | 0 | 314,699 |
| TOTAL | \$3,193,662 | \$0 | \$392,350 | \$24,246 | \$90,683 | \$90,683 | \$3,102,979 |

| | |
|----------|-----------|
| PIPELINE | 3,419,002 |
|----------|-----------|

(Approved Budget less Cumulative Delivered)

ICITAP Iraq Corrections Assistance & Police Training Academy Program FY 04
MONTHLY FINANCIAL REPORT
INL Accounting Data: 19-115/61022 2072 649D55 019700 2792 2581

For the period 4/01/06 - 4/30/06

| | |
|-------------------------|---------------------|
| APPROVED BUDGET | \$11,674,140 |
| CARRYOVER - PRIOR YEARS | <u>0</u> |
| AVAILABLE FUNDING | <u>\$11,674,140</u> |

| | OBLIGATIONS | | DELIVERED SERVICES | | PAYMENTS | | UNLIQUIDATED OBLIGATIONS |
|------------------------|--------------------|--------------------|--------------------|------------|------------|------------|-----------------------------|
| | Cumulative | Period | Cumulative | Period | Cumulative | Period | |
| 1. SALARIES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | Cumulative |
| 2. BENEFITS | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 3. TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. TRANSPORTATION | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. RENT/COMMUNICATIONS | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. PRINTING | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. CONTRACT SERVICES | 8,107,917 | 8,107,917 | 0 | 0 | 0 | 0 | 8,107,917 |
| 8. SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. OVERHEAD | 963,920 | 963,920 | 0 | 0 | 0 | 0 | 963,920 |
| TOTAL | \$9,071,837 | \$9,071,837 | \$0 | \$0 | \$0 | \$0 | \$9,071,837 |

BALANCE Available for Obligations 2,602,303

PIPELINE 11,674,140
(Approved Budget less Cumulative Delivered)

ICITAP - Iraq FY 06 Basic & Specialized Training
MONTHLY FINANCIAL REPORT
INL Accounting Data: 1911 5/6 1022 2072 649D82 019700 2792 2581

For the period 4/01/06 - 4/30/06

| | OBLIGATIONS | | DELIVERED SERVICES | | PAYMENTS | | UNLIQUIDATED OBLIGATIONS |
|--------------------------|---------------------|-----------------|--------------------|-----------------|--------------------|--------------------|-----------------------------|
| | Cumulative | Period | Cumulative | Period | Cumulative | Period | |
| APPROVED BUDGET | \$12,051,957 | | | | | | |
| CARRYOVER - PRIOR YEARS | 0 | | | | | | |
| AVAILABLE FUNDING | \$12,051,957 | | | | | | |
| 1. SALARIES | \$41,318 | \$12,312 | \$41,318 | \$12,312 | \$35,162 | \$12,312 | \$6,156 |
| 2. BENEFITS | 15,791 | 6,178 | 15,791 | 6,178 | 12,796 | 12,796 | 2,995 |
| 3. TRAVEL | 40,715 | (2,401) | 40,715 | (2,401) | 14,327 | 14,327 | 26,388 |
| 4. TRANSPORTATION | 24 | 24 | 24 | 24 | 24 | 24 | 0 |
| 5. RENT/COMMUNICATIONS | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. PRINTING | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. CONTRACT SERVICES | 9,956,978 | 64 | 8,945,638 | 64 | 3,631,068 | 3,631,068 | 6,325,910 |
| 8. SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. OVERHEAD | 995,116 | 0 | 453,022 | 0 | 0 | 0 | 995,116 |
| TOTAL | \$11,049,941 | \$16,177 | \$9,496,508 | \$16,177 | \$3,693,376 | \$3,670,527 | \$7,356,565 |

BALANCE Available for Obligations \$1,002,016

PIPELINE \$2,555,449

(Approved Budget less Cumulative Delivered)

For the period 4/01/06 - 4/30/06

| | |
|---|------------|
| BALANCE AVAILABLE FOR OBLIGATIONS | 7,393,285 |
| PIPELINE | 38,065,482 |
| (Approved Budget less Cumulative Delivered) | |

ICITAP - Iraq Corrections Service
MONTHLY FINANCIAL REPORT

INL Accounting Data: _____

For the period 4/01/06 - 4/30/06

APPROVED BUDGET \$9,000,000

CARRYOVER - PRIOR YEARS 0

AVAILABLE FUNDING \$9,000,000

| | OBLIGATIONS | | DELIVERED SERVICES | | PAYMENTS | | UNLIQUIDATED OBLIGATIONS |
|------------------------|--------------------|--------------|--------------------|--------------|--------------------|------------------|-----------------------------|
| | Cumulative | Period | Cumulative | Period | Cumulative | Period | |
| 1. SALARIES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2. BENEFITS | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. TRAVEL | 765 | 765 | 765 | 765 | 765 | 765 | 0 |
| 4. TRANSPORTATION | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. RENT/COMMUNICATIONS | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. PRINTING | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. CONTRACT SERVICES | 6,243,299 | 0 | 4,155,158 | 0 | 1,854,951 | 941,106 | 2,088,142 |
| 8. SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. OVERHEAD | 743,119 | 0 | 462,204 | 0 | 0 | 0 | 280,915 |
| TOTAL | \$6,987,183 | \$765 | \$4,618,126 | \$765 | \$1,855,716 | \$941,871 | \$2,369,057 |

BALANCE Available for Obligations 2,012,817

PIPELINE 4,381,874
(Approved Budget less Cumulative Delivered)

ICITAP - IRAQ Police Assistance FY03
MONTHLY FINANCIAL REPORT
INL Accounting Data: 19-11X1022 2072 3333FB 019205 2792 2581

For the period 4/01/06 - 4/30/06

| | |
|-------------------------|-------------|
| APPROVED BUDGET | \$2,889,371 |
| CARRYOVER - PRIOR YEARS | 0 |
| AVAILABLE FUNDING | \$2,889,371 |

| | OBLIGATIONS | | DELIVERED SERVICES | | PAYMENTS | | UNLIQUIDATED OBLIGATIONS |
|------------------------|-------------|--------|--------------------|--------|-------------|--------|-----------------------------|
| | Cumulative | Period | Cumulative | Period | Cumulative | Period | |
| 1. SALARIES | \$146,437 | \$0 | \$146,437 | \$0 | \$146,437 | \$0 | \$0 |
| 2. BENEFITS | 67,548 | 0 | 67,548 | 0 | 67,548 | 0 | 0 |
| 3. TRAVEL | 65,500 | 0 | 65,500 | 0 | 65,500 | 0 | 0 |
| 4. TRANSPORTATION | 2,924 | 0 | 2,924 | 0 | 2,924 | 0 | 0 |
| 5. RENT/COMMUNICATIONS | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. PRINTING | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. CONTRACT SERVICES | 2,319,688 | 0 | 2,319,688 | 0 | 2,093,372 | 0 | 226,316 |
| 8. SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. OVERHEAD | 194,125 | 0 | 194,125 | 0 | 194,125 | 0 | 0 |
| TOTAL | \$2,796,221 | \$0 | \$2,796,221 | \$0 | \$2,569,906 | \$0 | \$226,316 |

BALANCE Available for Obligations 93,150

PIPELINE 93,150
(Approved Budget less Cumulative Delivered)

ICITAP Iraq Corrections Assistance & Police Training Academy Program FY 04
MONTHLY FINANCIAL REPORT
INL Accounting Data: 19-11-3/4 1096.1 2072 449001 019205 2792 2581

For the period 4/01/06 - 4/30/06

| | OBLIGATIONS | | DELIVERED SERVICES | | PAYMENTS | | UNLIQUIDATED OBLIGATIONS |
|-------------------------|--------------|----------|--------------------|--------|--------------|--------|-----------------------------|
| | Cumulative | Period | Cumulative | Period | Cumulative | Period | |
| APPROVED BUDGET | \$26,946,852 | | | | | | |
| CARRYOVER - PRIOR YEARS | 0 | | | | | | |
| AVAILABLE FUNDING | \$26,946,852 | | | | | | |
| 1. SALARIES | \$30,406 | \$0 | \$30,406 | \$0 | \$30,406 | \$0 | \$0 |
| 2. BENEFITS | 8,996 | 0 | 8,996 | 0 | 8,996 | 0 | 0 |
| 3. TRAVEL | 47,738 | 0 | 47,738 | 0 | 47,738 | 0 | 0 |
| 4. TRANSPORTATION | 8,366 | (54) | 8,366 | (54) | 8,366 | (54) | 0 |
| 5. RENT/COMMUNICATIONS | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. PRINTING | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. CONTRACT SERVICES | 24,310,472 | 95,815 | 24,214,657 | 0 | 20,007,149 | 0 | 4,303,323 |
| 8. SUPPLIES | 255 | 0 | 255 | 0 | 255 | 0 | 0 |
| 9. EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. OVERHEAD | 2,197,641 | 0 | 2,091,648 | 0 | 2,064,320 | 0 | 133,321 |
| TOTAL | \$26,603,875 | \$95,761 | \$26,402,067 | (\$54) | \$22,167,231 | (\$54) | \$4,436,644 |

BALANCE Available for Obligations 342,977

PIPELINE 544,785

(Approved Budget less Cumulative Delivered)

ICITAP - Iraq Baghdad Law Enforcement Training

MONTHLY FINANCIAL REPORT

INL Accounting Data: 1911 4/6 10961 2072 449010 019005 2792 2581

For the period 4/01/06 - 4/30/06

| APPROVED BUDGET | | OBLIGATIONS | | DELIVERED SERVICES | | PAYMENTS | | UNLIQUIDATED OBLIGATIONS |
|---|---------------------|-------------|-------------|---------------------|-------------|---------------------|------------------|--------------------------|
| | | Cumulative | Period | Cumulative | Period | Cumulative | Period | Cumulative |
| CARRYOVER - PRIOR YEARS | 0 | | | | | | | |
| AVAILABLE FUNDING | \$53,322,284 | | | | | | | |
| 1. SALARIES | \$134,503 | \$0 | \$0 | \$134,503 | \$0 | \$134,503 | \$0 | \$0 |
| 2. BENEFITS | 48,637 | 0 | 0 | 48,637 | 0 | 48,637 | 0 | 0 |
| 3. TRAVEL | 81,931 | 0 | 0 | 81,931 | 0 | 81,931 | 0 | 0 |
| 4. TRANSPORTATION | 1,072 | 32 | 32 | 1,072 | 32 | 1,072 | 32 | 0 |
| 5. RENT/COMMUNICATIONS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. PRINTING | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. CONTRACT SERVICES | 47,818,626 | 0 | 0 | 47,818,626 | 0 | 44,283,248 | 837,135 | 3,535,377 |
| 8. SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. OVERHEAD | 4,402,757 | 0 | 0 | 4,138,894 | 0 | 4,084,219 | 0 | 318,538 |
| TOTAL | \$52,487,526 | \$32 | \$32 | \$52,223,662 | \$32 | \$48,633,610 | \$837,167 | \$3,853,916 |
| BALANCE Available for Obligations | 834,758 | | | | | | | |
| PIPELINE | 1,098,622 | | | | | | | |
| (Approved Budget less Cumulative Delivered) | | | | | | | | |

ICITAP - Iraq Internal Controls Project
MONTHLY FINANCIAL REPORT
INL Accounting Data: 1911 4/6 10961 2072 449059 019205 2792 2581

For the period 4/01/06 - 4/30/06

| | |
|-------------------------|--------------------|
| APPROVED BUDGET | \$2,720,979 |
| CARRYOVER - PRIOR YEARS | <u>0</u> |
| AVAILABLE FUNDING | <u>\$2,720,979</u> |

| | OBLIGATIONS | | DELIVERED SERVICES | | PAYMENTS | | UNLIQUIDATED OBLIGATIONS |
|------------------------|--------------------|------------|--------------------|------------|--------------------|------------|-----------------------------|
| | Cumulative | Period | Cumulative | Period | Cumulative | Period | |
| 1. SALARIES | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | Cumulative |
| 2. BENEFITS | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 3. TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. TRANSPORTATION | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. RENT/COMMUNICATIONS | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. PRINTING | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. CONTRACT SERVICES | 2,261,387 | 0 | 1,113,845 | 0 | 879,112 | 0 | 1,382,275 |
| 8. SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. OVERHEAD | 224,668 | 0 | 208,028 | 0 | 138,267 | 0 | 86,401 |
| TOTAL | \$2,486,055 | \$0 | \$1,321,873 | \$0 | \$1,017,379 | \$0 | \$1,468,676 |

BALANCE Available for Obligations 234,924

PIPELINE 1,399,106
(Approved Budget less Cumulative Delivered)

ICITAP - Jordan Int'l Police Training Center
MONTHLY FINANCIAL REPORT
INL Accounting Data: 1911 4/6 10961 2072 449019 019205 2792 2581

For the period 4/01/06 - 4/30/06

| | |
|-------------------------|--------------|
| APPROVED BUDGET | \$31,999,945 |
| CARRYOVER - PRIOR YEARS | <u>0</u> |
| AVAILABLE FUNDING | \$31,999,945 |

| | OBLIGATIONS | | DELIVERED SERVICES | | PAYMENTS | | UNLIQUIDATED OBLIGATIONS |
|------------------------|---------------------|--------------------|---------------------|------------|---------------------|------------------|-----------------------------|
| | Cumulative | Period | Cumulative | Period | Cumulative | Period | |
| 1. SALARIES | \$0 | \$0 | 0 | \$0 | 0 | \$0 | \$0 |
| 2. BENEFITS | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. TRANSPORTATION | 6 | 0 | 6 | 0 | 6 | 0 | 0 |
| 5. RENT/COMMUNICATIONS | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. PRINTING | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. CONTRACT SERVICES | 20,988,801 | 4,064,352 | 14,289,525 | 0 | 10,761,884 | 624,310 | 10,226,918 |
| 8. SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. OVERHEAD | 2,642,197 | 0 | 2,627,030 | 0 | 2,627,030 | 0 | 15,167 |
| TOTAL | \$23,631,005 | \$4,064,352 | \$16,916,561 | \$0 | \$13,388,919 | \$624,310 | \$10,242,085 |

BALANCE Available for Obligations 8,368,940

PIPELINE 15,083,384
(Approved Budget less Cumulative Delivered)



U.S. Department of Justice

Criminal Division

Executive Office

Washington, D.C. 20530

Barry Friedman
Budget Officer
Bureau of International
Narcotics and Law Enforcement Affairs
U.S. Department of State
SA-4 South
2430 E Street, NW
Washington, DC 20520

Dear Mr. Friedman:

Thank you for your letter of April 26, 2006 documenting strategy and next steps agreed upon in meetings between the Bureau of International Narcotics and Law Enforcement Affairs (INL), the Office of the Coordinator of U.S. Assistance to Europe and Eurasia (EUR/ACE), the International Criminal Investigative Training Assistance Program (ICITAP), and the Office of Overseas Prosecutorial Development Assistance and Training (OPDAT). We agree that great progress has been made and we will do our best to keep up the momentum in order to adequately fulfill the mandated reporting requirements.

As you know, the Department of Justice Criminal Division Office of Administration (CRM ADMIN) which includes the International Training Financial Management Staff (ITFM) works with ICITAP and OPDAT to provide financial reports to the Department of State. Barbara Johnson provided both CRM ADMIN and ITFM with a copy of your letter detailing the necessary information and formats for financial reporting that will be more usable by INL and EUR/ACE.

ITFM continues to work on the new automated reporting system, which should enable them to produce reports that will comply with the Congressional Reporting formats currently produced by EUR/ACE. Until that system is completed, ITFM will use the new budget format discussed at our last meeting.

We look forward to continuing to work with you on this important endeavor. Should you have questions relating to the financial reports, please do not hesitate to contact me on (202) 514-0187 or Yolanda Little Stone on (202) 305-4259.

Sincerely,

Buddy Frye
Director, Financial Management
Office of Administration
Criminal Division

CC:
Barbara Johnson
Faye Ehrenstamm

| Project Code | Description | Bureau | Apportionment (Non-Const) | Apportionment (Const) | Commitments (Non-Const) | Commitments (Const) | Obligations (Non-Const) | Obligations (Const) | Disbursements (Non-Const) | Disbursements (Const) |
|---------------------|--|--------|---------------------------|-------------------------|---------------------------|-------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| 1 | SECURITY AND LAW ENFORCEMENT | | | | | | | | | |
| 10000 | Police Training and Technical Assistance | | | | | | | | | |
| | -- INL | INL | \$608,500,000.00 | \$155,000,000.00 | \$604,199,062.05 | \$155,000,000.00 | \$604,199,062.05 | \$155,000,000.00 | \$538,068,755.28 | \$143,656,113.48 |
| | -- DS/ATA | DS | \$568,000,000.00 | \$155,000,000.00 | \$565,339,934.00 | \$155,000,000.00 | \$565,339,934.00 | \$155,000,000.00 | \$509,326,220.52 | \$143,656,113.48 |
| | -- DS/ATA | DS | \$40,500,000.00 | - | \$38,859,128.05 | - | \$38,859,128.05 | - | \$28,742,534.76 | - |
| | -- DS/ATA | DS | \$1,000,000.00 | \$0.00 | \$700,000.00 | \$0.00 | \$700,000.00 | \$0.00 | \$700,000.00 | \$0.00 |
| 09600 | INWIDE/EXES | ISN | \$611,500,000.00 | \$155,000,000.00 | \$604,899,062.05 | \$155,000,000.00 | \$604,899,062.05 | \$155,000,000.00 | \$538,768,755.28 | \$143,656,113.48 |
| 2 | JUSTICE AND PUBLIC SAFETY | | | | | | | | | |
| 30000 | Witness Protection Program | INL | \$35,000,000.00 | - | \$35,000,000.00 | - | \$35,000,000.00 | - | 10,281,929.00 | - |
| 33000 | Reconst & Modern of Det Facilities | INL | \$80,564,000.00 | - | \$68,394,473.00 | - | \$53,394,473.00 | - | \$25,196,831.00 | - |
| 09500 | Detaining | PM | \$83,200,000.00 | - | \$83,200,000.00 | - | \$80,488,237.85 | - | \$72,286,737.65 | - |
| 05000 | Investigations of Crimes Against Human | INL | \$24,400,000.00 | - | \$24,400,000.00 | - | \$24,400,000.00 | - | \$14,400,000.00 | - |
| 06500 | Rule of Law | INL | \$41,653,905.00 | - | \$29,820,805.00 | - | \$29,820,805.00 | - | \$11,481,521.87 | - |
| 09000 | Judicial Security and Facilities | INL | \$7,000,000.00 | - | \$7,000,000.00 | - | \$5,001,142.00 | - | \$1,952,533.00 | - |
| 06000 | Democracy Building Activities | INL | \$96,846,095.00 | \$0.00 | \$77,288,811.62 | \$0.00 | \$76,928,247.65 | \$0.00 | \$50,873,168.89 | \$0.00 |
| | -- INL | INL | \$13,346,095.00 | - | \$13,308,706.00 | - | \$13,308,706.00 | - | \$12,394,616.00 | - |
| | -- INR | INR | \$6,000,000.00 | - | \$2,652,083.96 | - | \$2,652,083.96 | - | \$816,459.54 | - |
| | -- NEA | NEA | \$7,000,000.00 | - | \$5,500,000.00 | - | \$5,500,000.00 | - | \$3,120,123.90 | - |
| | -- PA | PA | \$15,000,000.00 | - | \$2,500,000.00 | - | \$2,500,000.00 | - | \$256,500.00 | - |
| | -- DRL | DRL | \$41,500,000.00 | - | \$40,870,541.49 | - | \$40,859,162.02 | - | \$26,933,789.04 | - |
| | -- DRL (G/TWT) | DRL | \$14,500,000.00 | \$0.00 | \$12,457,480.17 | \$0.00 | \$12,180,295.67 | \$0.00 | \$7,551,680.41 | \$0.00 |
| | -- DRL (G/TWT) | DRL | \$368,664,000.00 | \$0.00 | \$325,104,089.62 | \$0.00 | \$305,032,905.98 | \$0.00 | \$186,432,722.41 | \$0.00 |
| 10 | REFUGEES, HUMAN RIGHTS AND CIVIL SOCIETIES | | | | | | | | | |
| 04000 | Migration and Refugee Assistance | PRM | \$109,000,000.00 | - | \$90,189,305.51 | - | \$90,189,305.51 | - | \$68,429,192.54 | - |
| 05500 | Property Claims Tribunal | PRM | \$10,000,000.00 | - | \$6,789,097.00 | - | \$6,789,097.00 | - | \$6,789,097.00 | - |
| 06700 | Governance | | \$37,900,000.00 | - | \$37,899,925.11 | - | \$37,899,925.11 | - | \$37,311,308.75 | - |
| | -- DRL | DRL | \$30,000,000.00 | - | \$30,000,000.00 | - | \$30,000,000.00 | - | \$30,000,000.00 | - |
| | -- INR | INR | \$1,000,000.00 | - | \$999,925.11 | - | \$999,925.11 | - | \$708,185.75 | - |
| | -- NEA | NEA | \$6,900,000.00 | - | \$6,891,123.00 | - | \$6,891,123.00 | - | \$6,803,123.00 | - |
| 09500 | Human Rights | DRL | \$11,575,000.00 | - | \$9,201,288.25 | - | \$8,979,999.19 | - | \$6,524,276.94 | - |
| | -- DRL | DRL | \$168,475,000.00 | \$0.00 | \$144,079,616.87 | \$0.00 | \$143,849,449.81 | \$0.00 | \$119,053,875.23 | \$0.00 |
| 99922 | ADMIN EXPENSES | RM | \$184,000,000.00 | - | \$131,301,217.09 | - | \$131,301,217.09 | - | \$63,817,428.26 | - |
| | Admin. Exp for U.S. Mission to Iraq | RM | \$184,000,000.00 | \$0.00 | \$131,301,217.09 | \$0.00 | \$131,301,217.09 | \$0.00 | \$63,817,428.26 | \$0.00 |
| Grand Totals | | | \$1,332,639,000.00 | \$155,000,000.00 | \$1,205,383,985.63 | \$155,000,000.00 | \$1,185,082,634.45 | \$155,000,000.00 | \$908,072,781.18 | \$143,656,113.48 |

Combined

apportionment \$1,487,639,000.00

committed \$1,360,383,985.63

obligations \$1,340,082,634.45

Disbursements \$1,051,726,894.66

| Project Code | Description | Bureau | Apportionment (Non-Const) | Apportionment (Const) | Commitments (Non-Const) | Commitments (Const) | Obligations (Non-Const) | Obligations (Const) | Disbursements (Non-Const) | Disbursements (Const) |
|---------------------|--|--------|---------------------------|-------------------------|---------------------------|-------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| 1 | SECURITY AND LAW ENFORCEMENT | | | | | | | | | |
| 10000 | Police Training and Technical Assistance | | | | | | | | | |
| | -- INL | INL | \$608,500,000.00 | \$155,000,000.00 | \$604,199,062.05 | \$155,000,000.00 | \$604,199,062.05 | \$155,000,000.00 | \$538,109,943.18 | \$143,667,730.58 |
| | -- UN/ATA | DS | \$568,000,000.00 | \$155,000,000.00 | \$565,339,934.00 | \$155,000,000.00 | \$565,339,934.00 | \$155,000,000.00 | \$509,367,408.42 | \$141,667,730.58 |
| | -- UN/ATA | UN/ATA | \$40,500,000.00 | - | \$38,859,128.05 | - | \$38,859,128.05 | - | \$28,742,534.76 | - |
| 09600 | INMIGRANTS | ISN | \$3,000,000.00 | \$0.00 | \$700,000.00 | \$0.00 | \$700,000.00 | \$0.00 | \$700,000.00 | \$0.00 |
| | | | \$611,500,000.00 | \$155,000,000.00 | \$604,899,062.05 | \$155,000,000.00 | \$604,899,062.05 | \$155,000,000.00 | \$538,809,943.18 | \$143,667,730.58 |
| 2 | JUSTICE AND PUBLIC SAFETY | | | | | | | | | |
| 30000 | Witness Protection Program | INL | \$35,000,000.00 | - | \$35,000,000.00 | - | \$35,000,000.00 | - | 10,281,930.00 | - |
| 33000 | Reconstruct & Modern of Det Facilities | INL | \$80,564,000.00 | - | \$68,394,473.00 | - | \$53,394,473.00 | - | \$25,156,831.00 | - |
| 09500 | Demining | PM | \$33,200,000.00 | - | \$83,200,000.00 | - | \$80,488,237.85 | - | \$72,286,737.65 | - |
| 05000 | Investigations of Crimes Against Human | INL | \$24,400,000.00 | - | \$24,400,000.00 | - | \$24,400,000.00 | - | \$14,400,000.00 | - |
| 06500 | Pile of Law | INL | \$41,653,905.00 | - | \$29,820,805.00 | - | \$29,820,805.00 | - | \$11,481,521.87 | - |
| 09000 | Judicial Security and Facilities | INL | \$7,000,000.00 | - | \$7,000,000.00 | - | \$5,001,142.00 | - | \$1,952,533.00 | - |
| 06000 | Democracy Building Activities | | \$96,846,095.00 | \$0.00 | \$77,418,269.13 | \$0.00 | \$77,424,377.66 | \$0.00 | \$51,211,754.16 | \$0.00 |
| | -- INL | INL | \$13,340,095.00 | - | \$13,308,706.00 | - | \$13,308,706.00 | - | \$12,394,616.00 | - |
| | -- INR | INR | \$6,000,000.00 | - | \$2,652,083.96 | - | \$2,652,083.96 | - | \$623,026.26 | - |
| | -- NEA | NEA | \$7,000,000.00 | - | \$5,500,000.00 | - | \$5,500,000.00 | - | \$3,130,123.90 | - |
| | -- PA | PA | \$15,000,000.00 | - | \$2,500,000.00 | - | \$2,500,000.00 | - | \$256,500.00 | - |
| | -- DRL | DRL | \$41,000,000.00 | - | \$40,999,999.00 | - | \$40,999,999.00 | - | \$27,025,647.00 | - |
| | -- DRL (G/INT) | DRL | \$14,500,000.00 | - | \$12,457,480.17 | - | \$12,463,588.70 | - | \$7,791,841.00 | - |
| | | | \$368,664,000.00 | \$0.00 | \$325,233,547.13 | \$0.00 | \$305,529,835.51 | \$0.00 | \$186,771,307.68 | \$0.00 |
| 10 | REFUGEES, HUMAN RIGHTS AND CIVIL SOCIETIES | | | | | | | | | |
| 04000 | Migration and Refugee Assistance | PRM | \$109,000,000.00 | - | \$90,189,305.51 | - | \$90,189,305.51 | - | \$69,000,592.98 | - |
| 05000 | Property Claims Tribunal | PRM | \$10,000,000.00 | - | \$6,789,097.00 | - | \$6,789,097.00 | - | \$6,789,097.00 | - |
| 06700 | Governance | | \$37,900,000.00 | - | \$37,899,925.11 | - | \$37,899,925.11 | - | \$37,311,308.75 | - |
| | -- DRL | DRL | \$30,000,000.00 | - | \$30,000,000.00 | - | \$30,000,000.00 | - | \$30,000,000.00 | - |
| | -- INR | INR | \$1,000,000.00 | - | \$999,925.11 | - | \$999,925.11 | - | \$708,185.75 | - |
| | -- NEA | NEA | \$6,900,000.00 | - | \$6,891,123.00 | - | \$6,891,123.00 | - | \$6,603,123.00 | - |
| 09500 | Human Rights | DRL | \$11,575,000.00 | - | \$9,201,289.25 | - | \$9,201,289.25 | - | \$6,898,301.00 | - |
| | | | \$168,475,000.00 | \$0.00 | \$144,079,616.87 | \$0.00 | \$144,079,616.87 | \$0.00 | \$119,999,299.73 | \$0.00 |
| 99992 | ADMIN EXPENSES | | | | | | | | | |
| | Admin. Exp. for U.S. Mission to Iraq | PM | \$184,000,000.00 | - | \$131,301,217.09 | - | \$82,178,553.67 | - | \$72,753,521.58 | - |
| | | | \$184,000,000.00 | \$0.00 | \$131,301,217.09 | \$0.00 | \$82,178,553.67 | \$0.00 | \$72,753,521.58 | \$0.00 |
| Grand Totals | | | \$1,332,639,000.00 | \$155,000,000.00 | \$1,205,513,443.14 | \$155,000,000.00 | \$1,136,677,390.85 | \$155,000,000.00 | \$918,334,072.17 | \$143,667,730.58 |

Combined apportionment \$1,487,639,000.00 committed \$1,360,513,443.14 obligations \$1,291,677,390.85 Disbursements \$1,062,001,802.75

UNCLASSIFIED

UNCLASSIFIED